

MINUTE ITEM

27. OIL AND GAS LEASE APPLICATION, SECTION 6871.3, PUBLIC RESOURCES CODE, SANTA BARBARA COUNTY, SHELL OIL COMPANY - W.O. ~~3557~~ AND W.O. 3557.
3537

Following presentation of Calendar Item 35 attached, Mr. R. W. Ragland, Vice President of the Richfield Oil Corporation, suggested that a public hearing be held by the Commission to determine the best method of leasing, in view of the fact that subsequent to the issuance of the last oil and gas leases in the subject area in 1958, the State Legislature had amended Section 6827 of the Public Resources Code to provide for an alternative method of leasing tide and submerged lands, i.e., with a flat royalty as the biddable factor.

Commissioner Cranston stated his approval of such a review, indicating that its purpose should be the determination of the best possible arrangements for future leasing of offshore areas, and recommended that the advice and suggestions of interested parties be invited in regard to all factors such as bonuses, royalties, and information as to the desirability of offering leases under present depressed market conditions.

UPON MOTION MADE BY COMMISSIONER CRANSTON, SECONDED BY COMMISSIONER CARR, AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED SCHEDULING TWO DAYS OF REVIEWS ON THE OIL AND GAS LEASING POLICIES OF THE STATE LANDS COMMISSION, TO BE HELD IN LOS ANGELES ON MAY 31 AND JUNE 1, 1960, STARTING AT 10:00 A.M. ON MAY 31, WITH ALL INTERESTED PARTIES TO BE INVITED TO SUBMIT WRITTEN STATEMENTS WITH THE UNDERSTANDING THAT THERE WILL BE FULL OPPORTUNITY FOR ORAL DISCUSSION AT THE TIME OF REVIEW.

UPON MOTION MADE BY COMMISSIONER CRANSTON, SECONDED BY COMMISSIONER CARR, AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO PROCEED WITH THE PUBLICATION OF THE NOTICE REQUIRED BY SECTION 6873.2 OF THE PUBLIC RESOURCES CODE THAT THE COMMISSION INTENDS TO CONSIDER OFFERING LEASES FOR THE EXTRACTION OF OIL AND GAS FROM THE AREA OF TIDE AND SUBMERGED LANDS NOT INCLUDED IN EXISTING STATE OIL AND GAS LEASES LYING BETWEEN THE WESTERNMOST STATE OIL AND GAS LEASE IN THE ELWOOD FIELD AND POINT CONCEPTION, SANTA BARBARA COUNTY, AND EXTENDING SEAWARD THREE NAUTICAL MILES.

Attachment

Calendar Item 35 (1 page)

35.

OIL AND GAS LEASE APPLICATION, SECTION 6871.3, PUBLIC RESOURCES CODE, SANTA BARBARA COUNTY, SHELL OIL COMPANY - W.O. 3537.

Section 6871.3, Public Resources Code, provides in part that "Whenever it appears to the commission that it is for the best interests of the State to lease lands subject to the provisions of Section 6871.1 of this code for the production of oil or gas therefrom, or whenever a person who possesses the qualifications provided in this chapter makes written request therefor, the commission may, subject to the provisions of Section 6871.4, offer the same for bidding at such times and in such parcels as the commission shall determine to be in the best interests of the State".

An application has been received from the Shell Oil Company requesting that the Commission consider offering for oil and gas lease under the Public Resources Code approximately 37,000 acres of tide and submerged lands offshore in Santa Barbara County, to be leased pursuant to competitive public bidding.

The area proposed for consideration, exclusive of existing State oil and gas leases, extends from approximately one mile west of the westernmost State oil and gas lease in the Elwood Field to the east boundary of State Oil and Gas Lease P.R.C. 2207.1, Santa Barbara County, and extends seaward three nautical miles.

Section 6873.2, Public Resources Code, provides in part, "Before offering any tide or submerged land area for an oil and gas lease, the commission shall publish notice thereof, and any affected city or county may, within thirty (30) days after the publication of such notice, request in writing to the commission that a hearing be held with respect thereto.... The commission in its discretion and irrespective of any such request may hold such hearing as it shall determine...."

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO PROCEED WITH THE PUBLICATION OF THE NOTICE REQUIRED BY SECTION 6873.2 OF THE PUBLIC RESOURCES CODE THAT THE COMMISSION INTENDS TO CONSIDER OFFERING LEASES FOR THE EXTRACTION OF OIL AND GAS FROM THE AREA OF TIDE AND SUBMERGED LANDS NOT INCLUDED IN EXISTING STATE OIL AND GAS LEASES LYING BETWEEN THE WESTERNMOST STATE OIL AND GAS LEASE IN THE ELWOOD FIELD AND POINT CONCEPTION, SANTA BARBARA COUNTY, AND EXTENDING SEAWARD THREE NAUTICAL MILES.